Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 GSA-01 STRE-00 FEA-01

AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01

SP-02 OMB-01 AF-08 ARA-06 EA-07 NEA-10 OIC-02 /135 W

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 $FM\ AMEMBASSY\ OTTAWA$

TO SECSTATE WASHDC 1733

INFO US DEL MTN GENEVA 931

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E.O. 11652: N/A TAGS: ETRD, MTN

SUBJ: CANADIAN INTEREST IN U.S. TARIFF REDUCTIONS

REF: STATE 264214

1. IN MAY 1976 ALBERTA PREMIER LUGHEED COMPLAINED THAT U.S. TARIFF RATES HAMPERED SALE OF ALBERTA PETROCHEMICAL PRODUCTS AND LISTED SPECIFIC PRODUCTS ON WHICH HE HOPED REDUCTIONS WOULD BE MADE (CALGARY 238 NOTAL). SUBSEQUENTLY, HE HAS EXPRESSED PARTICULAR INTEREST IN FOLLOWING PETROCHEMICALS:

TSUS PRODUCT

428.34 ETHYLENEGLYCOL

429.20 ETHYLENE DICHLORIDE

429.44 VINYLCHLORIDE

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429.50 ETHYLENE

445.4520 POLYVINYLCHLORIDE

IN MEETING WITH AMBASSADOR SEPTEMBER 27, LOUGHEED INDICATED HE WOULD SEEK TO GET CANADIAN MTN NEGOTIATORS TO PUT FORWARD REQUEST FOR MAXIMUM US FORMULA CUT ON PETROCHEMICALS, AND MIGHT ALSO PROPOSE OTTAWA INCLUDE GAS AND OIL IN ITS SECTOR APPROACH (OTTAWA 3893).

2. QUEBEC PROVINCIAL INTERESTS ARE PUSHING OTTAWA FOR REDUCTIONS IN:

TSUS PRODUCT

612.06 COPPER ALLOYS

618.04-06 ALUMINUM ALLOYS

660.46 AIRCRAFT ENGINES

694.60 AIRCRAFT PARTS

CANADAIR HAS SPECIAL INTEREST IN REDUCTION IN LATTER TWO ITEMS.

- 3. BRITISH COLUMBIA FORESTRY INTERESTS ARE PARTICULARLY INTERESTED IN REDUCTION OF TARIFF ON PLYWOOD (TSUS 240.10-.25).
- 4. SASKATCHEWAN PRODUCERS OF SODIUM SULPHATE (ANHYDROUS AND CRYSTALLIZED) ARE PUSHING FOR REDUCTION IN TSUS ITEMS 421.44 AND 421.46.
- 5. REDUCED U.S. TARIFFS IN SEMI-PROCESSED COPPER, NICKEL AND ZINC ARE BEING SOUGHT BY ALBERTA PROVINCE, AND IN SEMI-PROCESSED NICKEL BY SASKATCHEWAN, WHILE POSSIBILITY OF INVESTMENT IN COPPER SMELTER IN BRITISH COLUMBIA MIGHT ALSO MAKE REDUCTION IN SEMI-PROCESSED COPPER TARIFFS OF INTEREST THERE.

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6. AGRICULTURAL PRODUCTS. EMBASSY UNDERSTANDS FROM AGRICULTURE MINISTRY THAT LIST OF CANADIAN EXPORT INTERESTS CLASSIFIED UNDER CHAPTERS 1-24 OF BTN WAS SENT BY AMBASSADOR GREY TO AMBASSADOR WALKER ON OCTOBER 15. IN COMMONS DEBATE OCT. 26 "UNFAIR HIGH TARIFF" OF U.S. ON PROCESSED BOXED BEEF WAS CRITICIZED, AND ADDITIONALLY, PREMIER LOUGHEED INDICATED HE WOULD REQUEST OTTAWA SECURE MAXIMUM U.S. FORMULA CUT ON BEEF

AT MTN. IN VISIT TO WASHINGTON IN JUNE, LOUGHEED ALSO MENTIONED HIS DESIRE TO PROMOTE RAPESEED OIL (TSUS 176.45, 176.47) EXPORTS TO THE U.S. FROZEN FISH, DAIRY PRODUCTS AND BEVERAGEES ARE OF SPECIAL INTEREST TO QUEBEC (QUEBEC AND ATLANTIC PROVINCES ACCOUNT FOR ABOUT TWO-THIRDS OF CANADIAN EXPORTS OF MEAT AND FISH) AND IT IS BELIEVED THAT MOST OF THOSE OF INTEREST WERE INCLUEED IN LIST GIVEN TO AMBASSADOR WALKER.

7. REMAINS TO BE SEEN WHAT PRIORITY FEDERAL GOVERNMENT WILL GIVE TO VARIOUS PROVINCIAL INTERESTS. PRIME INTEREST OF FEDERAL GOVERNMENT IS OF COURSE, OFT-REPEATED ELIMINATION OF ALL TARIFFS BELOW FIVE PERCENT AND EMBASSY UNDERSTANDS CANDEL HAS GIVEN USDEL LIST OF THOSE IN WHICH CANADA MOST INTERESTED.

8. IT IS EXPECTED THAT TEXTILES, MOST TYPES OF CLOTHING, FOOTWEAR AND MANY LEATHER PRODUCTS WILL BE EXCEPTED BY CANADA BECAUSE OF DEPRESSED STATE OF THESE INDUSTRIES.

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